

Preparing for Bid/Bid Approval

Introduction

When a project has obtained its construction apportionment (Phase III), the district will be notified by OLA as to the project's final allowance and will be authorized to proceed through the bid process.

Upon the district's receipt of an acceptable bid, and its subsequent submittal to OLA, a recommendation to approve the bid will be presented to the SAB.

Required Documents

The following documents are required to prepare a bid approval:

DOCUMENT NUMBER	DOCUMENT NAME	SEE PAGE
<input type="checkbox"/> SAB 515 ¹	Summary of Bids	3-D-4
<input type="checkbox"/> none	Bid Form	3-D-4
<input type="checkbox"/> none	Bid Bond	3-D-4
<input type="checkbox"/> none	Construction Contract	3-D-4
<input type="checkbox"/> none	Addenda	3-D-4
<input type="checkbox"/> SAB 506B	Summary of Estimated Costs	3-D-4
<input type="checkbox"/> none	California Department of Education, School Facilities Planning Division, Approval of Final Plans	3-D-4

¹ In addition to the Form SAB 515 other Minority and Women Business Enterprises (M/WBE) Contract Participation Goals documents are required (see *Appendix 12, Minority and Women Business Enterprises Contract Participation Goals*).

Continued on the next page

**Required Documents,
continued**

The following documents are required to release construction funds:

DOCUMENT NUMBER	DOCUMENT NAME	SEE PAGE
<input type="checkbox"/> none	Construction Contract (fully executed)	3-D-6
<input type="checkbox"/> none	Performance Bond	3-D-6
<input type="checkbox"/> none	Labor and Materials Bond	3-D-6
<input type="checkbox"/> none	Certification of Deposit (if applicable)	3-D-6
<input type="checkbox"/> none	School Board Minutes or District Resolution of Contract Acceptance	3-D-7
<input type="checkbox"/> none	OSA Approved Addenda	3-D-7

In This Section

This section includes the following topics:

TOPIC	SEE PAGE
Authorization to Advertise for Construction Bids	3-D-3
Post-Bid Opening Documents	3-D-4
Form SAB 513A, Notice of Approval of Low Bid	3-D-5
Phase III Fund Release: Construction	3-D-6
Change Orders	3-D-11
Audit	3-D-15

Authorization to Advertise for Construction Bids

Introduction

When a project receives a construction apportionment, the OLA will issue the *"Authorization to Advertise for Construction Bids"*.

Bid Authorization Components

The bid authorization acknowledges specific items related to the bid and advises the district of particular obligations:

ITEM	ACKNOWLEDGMENT
Construction Apportionment	The date the SAB approved the construction apportionment (Phase III).
Addenda	Any addenda received by OLA to date.
Bid Allowance	The construction cost allowance.
Project Area	The project's building area.
Deferred Construction Items	Those construction items deferred from the bid allowance for future release.

ITEM	OBLIGATION
M/WBE Provisions	Compliance with Minority and Women Business Enterprises Contract Participation Goals.
Bid Life	Sixty-day bid life.
Advertisement	Advertisement must be initiated within 90 calendar days from the date of the <i>"Authorization to Advertise for Construction Bids"</i> .

Authorization to Re-Bid

Rejection of any or all bids must be approved by the OLA. The district is not permitted to advertise for bids until the OLA has issued a subsequent *"Authorization to Advertise for Construction Bids"*. ☺

Continued on the next page

Post-Bid Opening Documents

Introduction

When the district has received bids, its governing board holds bids under submission. In addition, the district specifies the bid it intends to accept subject to SAB approval.

Required Documents

The following documents are required prior to the OLA initiating a bid approval:

DOCUMENT	DESCRIPTION
Summary of Bids	<p>The district utilizes the <i>Form SAB 515, Summary of Bids</i> to notify the OLA of all bids received.</p> <p>On this form, the district must certify its intent to accept the bid submitted by the low bidder and also indicate if any alternates are to be accepted.</p> <p>Additional bid reports are required for compliance with Minority and Women Business Enterprises (M/WBE) provisions (see <i>Appendix 12, Minority and Women Business Enterprises Contract Participation Goals</i>).</p>
Bid Form	The bid form completed by the low bidder.
Bid Bond	The bid bond in the amount of ten percent of the base bid. The bond must be issued by an admitted surety (see <i>Bonds, page 3-C-11</i>). In lieu of the bid bond, a cashier's check in the amount of ten percent of the base bid is acceptable.
Construction Contract	A prototype of the construction contract.
Addenda	Addenda as specified on the bid form.
Summary of Estimated Costs	A cost estimate (Form SAB 506B) reflecting the total lump sum of the low costs bid as well as all other costs associated with the project. Other costs may include prior or future expenditures not related to this bid.
California Department of Education Approval of Final Plans	Approval of the final plans by the California Department of Education, School Facilities Planning Division.

Note: If the low bid does not meet M/WBE requirements, then another bidder can be considered. It is advised that the district maintain all bid records relative to the acceptance of bids. ☺

Form SAB 513A, Notice of Approval of Low Bid

.....	
Introduction	The OLA evaluates the bid documentation submitted by the district for compliance to program requirements and, if appropriate, recommends to the SAB that the contract be approved.
Acceptance of Low Bid	Upon the OLA acceptance of the appropriate bid documentation (see <i>Post-Bid Opening Documents, page 3-D-4</i>), the lowest bid is acceptable when it is within the project's established construction allowance. The project's construction allowance is updated to reflect the construction cost index as of the date of the bid opening.
SAB Approval	When the low bid is deemed to be acceptable, the OLA will recommend to the SAB that the contract be approved.
Form SAB 513A	<p>Upon SAB bid approval, the OLA will issue a <i>Form SAB 513A, Notice of Approval of Low Bid</i>, to the district. This notice specifies the following:</p> <ul style="list-style-type: none">• Successful bidder; and• Terms of the contract to include the acceptable contract amount; and• Delineates the conditions for the contract's award. ☺

Phase III Fund Release: Construction

Introduction

The district is authorized to execute the construction contract and related documents once the *Form SAB 513A, Notice of Approval of Low Bid* is received from OLA.

The balance of the architect fees, tests, inspection, and furniture and equipment funds are released with the construction funds.

Required Documents

The following documents are required prior to the release of construction funds:

DOCUMENT	DESCRIPTION
Executed Construction Contract	<p>The contract must include:</p> <ul style="list-style-type: none"> • Completed Heading • Contract Amount • Time of Completion • Liquidated Damages • Original signatures of the contractor, and the district's authorized signatory or quorum of the school board • original signature of the district's legal counsel approving the contract "as to form"
Executed Bonds	<p>Fully executed and notarized:</p> <ul style="list-style-type: none"> • Performance Bond issued by an admitted surety (see <i>Bonds, page 3-C-11</i>) • Labor and Materials Bond issued by an admitted surety (see <i>Bonds, page 3-C-11</i>)
District Certification of Deposit	<p>If a district contribution is specified on the <i>Form SAB 513A, Notice of Approval of Low Bid</i>, the district must submit certification that the specified contribution has been deposited in the district's Lease-Purchase State School Building fund.</p>

Continued on the next page

Required Documents,
continued

DOCUMENT	DESCRIPTION	
District's Acceptance/ Award of Contract	IF the contract . . .	THEN . . .
	is signed by an authorized signatory on the form SAB 508 (see <i>Form SAB 508, Authorized Signatory, page 2-6</i>)	a school board resolution or certified board minutes indicating the district's award of the contract to the successful lowest bidder must be provided.
	is signed by the Board of Trustees	a school board resolution or certified board minutes is not necessary.
OSA Approval of Addenda	All addenda as approved by the Office of the State Architect.	

Continued on the next page

Fund Release

The construction fund release will be generated upon the district's submittal of the appropriate construction contract documents (see *Required Documents, pages 3-D-6 and 3-D-7*):

CATEGORY	TYPE	DESCRIPTION			
B. PLANS	Architect Fees	Balance of fee as calculated at the bid approval.			
C. CONSTRUCTION	All Categories	The term of the construction contract dictates the number of installment releases and the percentage of the contract amount that will be released:			
		INSTALLMENT RELEASE (#)			
		TERM OF CONTRACT (MONTHS)		1	2
			6 or less	100%	
			Greater than 6	60%	40%

Continued on the next page

Fund Release,
continued

CATEGORY	TYPE	DESCRIPTION
C. CONSTRUCTION (Continued)	All Categories,	The total of the installment releases will equal 100 percent of the construction contract amount. It is the District's responsibility for any contract retention. Expenditures must be reported on the Forms SAB 184 and Form SAB 184A within 90 days of the contract's completion date. In addition, a copy of its Notice of Completion must be sent with the expenditure reports.
	Items Deferred For Future Release	Once the district has provided acceptable documentation of those items deferred from a construction contract and a final allowance is established by the OLA, funds may be released (see <i>Deferred Items, page 3-B-70</i>).
D. TESTS	Tests	The cost of construction tests as specified on the bid approval.
E. INSPECTION	Inspection	The fee for all inspection services performed during construction specified on the bid approval.
F. FURNITURE AND EQUIPMENT	Furniture and Equipment	The furniture and equipment allowance as specified on the bid approval will be released with the first construction release.
G. CONTINGENCIES	Contingencies	Contingency funds are released as expenditures are justified. (see <i>G. Contingencies, Eligible Expenditures, page 3-B-75</i>).

Continued on the next page

Form SAB 521

The district will receive notification via the *Form SAB 521, Standard Fund Release*, which specifically identifies the funding categories and costs that are currently being released and authorized for expenditure.

**Form SAB 184 and
Form SAB 184A**

The following documents are required upon the district's receipt of each fund release:

Form SAB 184, Summary of Expenditures and Construction Progress
Form SAB 184A, Detailed Listing of Warrants issued by the District

These forms must be completed and returned to the OLA within 90 days. The expenditure reporting for construction fund releases will not have to be made for the first installment. The reporting can be made at the completion of the contract. Additionally, the inspector's agreement must be attached to the district's initial construction expenditure report. ☺

Change Orders

Introduction

Once a project is under construction any changes or alternations to the OSA-approved plans and specifications can be accomplished only through the “change order” process.

Approval Criteria

In order for a change order to be approved, at least one of the following criteria must be met:

the change is necessary for the health, welfare, and/or safety of the children; or

the change is required by the State Architect/State Fire Marshal; or

the change is necessary to complete the project as approved by the SAB.

Restrictions

Under the following circumstances, changes or alterations will not be approved:

SAB cost standards are exceeded; or

performance is subsequent to the filing of the “notice of completion”; or

performance is subsequent to acceptance by the governing body of the district; or

items in the change order were included as a deductive alternate in the construction contract and the alternate was accepted by the district.

Continued on the next page

Components

It is suggested that change orders be prepared according to the American Institute of Architects (AIA) Change Order G701 document. Change orders must include the following components:

COMPONENT	DESCRIPTION/REQUIREMENT
Application Number	Identify project's application number as assigned by OLA.
School District/School Name	Identify school district and name of project.
Contractor	Identify the contractor.
Documentation	A detailed description of the change required including unit/cost itemization, drawings and any other supporting documents (i.e. videos, etc.).
Justification	Provide a reason why changes are necessary.
Requester	Party requesting change.
Change in Price	Identify dollar amount of each item (add/deduct).
Architect's Statement	Architect must certify that: the changes are necessary; and the district has reviewed and accepted the change order; and the request is valid; and approval is recommended.
Signatures	The following signatures are required: contractor school district architect Office of the State Architect (OSA): Structural Safety, Access Compliance and the State Fire Marshal, as required.
Local Agency	If requirements are made by a local agency after the project bid date, those requirements must be submitted for review. Furthermore, an explanation as to why the item was not included in the original plans and specifications is required.
Multi-Story Construction	Identify those projects which obtained a multi-story construction supplemental allowance.

Advance Approvals

Advance approvals may be obtained if immediate action is necessary to prevent extensive and unwarranted delay or to determine funding eligibility.

Maximum Funding

Funding of approved change orders for the following categories is limited to:

CATEGORY	MAXIMUM FUNDING
Utility Services, Off-Site Development, Service-Site Development or Demolition	Amount justified.
General Site Development	Allowance established prior to bid (see <i>General Site Development, page 3-B-49</i>).
New Construction (Building)	Project's bid savings (difference between bid allowance and approved contract).
Multi-Story Construction	Allowance established prior to bid (see <i>Multi-Story Construction, page 3-B-61</i>).

Note: Any item contained in a change order which exceeds ten percent of the original contract amount must be competitively bid or comply with the requirements set forth in the Public Works Code Section 20118.4.

Architect Fees

Architect fees will be calculated for all approved additive contract change order items with the exception of items resulting from errors and omissions on the part of the architect. Architect fees for change orders will be calculated based on the fees negotiated in the *Form SAB 533, Client/Architect Agreement*.

Fund Release

Once a change order has been approved by OLA, a fund release will be issued. However, if the contingency balance is insufficient to fund the change order, OLA must prepare a recommendation to the SAB to obtain an additional apportionment to fund the change order. Subsequent to SAB approval a fund release will be issued.

Continued on the next page

Form SAB 521

The district will receive notification via the *Form SAB 521, Standard Fund Release*, which specifically identifies the funding categories and costs which are currently being released and authorized for expenditure.

Form SAB 184 and Form SAB 184A

Upon the district's receipt of the fund release, a *Form SAB 184, Summary of Expenditures and Construction Progress*, and a *Form SAB 184A, Detailed Listing of Warrants by the District*, must be completed and returned to the OLA within 90 days.

Where to Submit

Submit change orders to the appropriate field representative at the Office of Local Assistance. ☎

Audit

Introduction

All districts must submit expenditure reports detailing all project costs. These reports provide the OLA with an up-to-date project financial status.

Required Documents

All expenses incurred by the district are reported on expenditure reports as follows:

DOCUMENT NUMBER	DESCRIPTION
<input type="checkbox"/> SAB 184	Summary of Expenditures and Construction Progress
<input type="checkbox"/> SAB 184A	Detailed Listing of Warrants Issued by the District

Frequency of Reporting Expenditures

Within 90 days of fund releases for Phase I or Phase II expenditures the district will need to prepare and submit the expenditure reports.

Expenditure reports for construction fund release need not be made until the final reporting is due.

Final (100 percent) project expenditure reporting must be made within 90 days of the contract completion date. If the reporting is to be delayed, a letter must be sent to the Fiscal Services Section Manager detailing the reason for delay. **Failure to submit expenditure reports could result in having all project costs being declared ineligible. This could result in delays for future fund release to the district.**

Assistance

For assistance in preparing expenditure reports, contact the OLA Fiscal Services Section, Lease Purchase Audit Unit.

Topic Items

This topic discusses the following items:

ITEM	SEE PAGE
Final Audit	3-D-17

This page left blank intentionally!

Final Audit of Expenditures

.....	
Introduction	A final project audit is initiated when all project expenditures have been reported by the district. The final reporting is due within 90 days of the contract completion date. Failure to make the reporting could result in all project costs being declared ineligible. This could result in a delay for future fund releases to the district.
Form SAB 184A	When all expenditures have been incurred, those which were not previously reported must be provided on the <i>Form SAB 184A, Detailed Listing of Warrants Issued by the District</i> .
Form SAB 184	All expenditures reported on the final <i>Form SAB 184A, Detailed Listing of Warrants Issued by the District</i> , must be summarized on the <i>Form SAB 184, Summary of Expenditures and Construction Progress</i> . If all furniture and equipment expenditures have not been completed, the remaining amount to be expended must also be identified on a separate Form SAB 184 as accounts payable with appropriate "encumbrance" document reference.
Notice of Completion	A notice of completion for each construction contract relative to the project must accompany the final Form SAB 184A and Form SAB 184, expenditure reports.
Fund Reconciliation and Cost Analysis	<p>When a complete audit of all expenditures reported by the district has been conducted by the OLA, a "<i>Fund Reconciliation and Cost Analysis</i>" report will be issued. (see <i>Exhibit A, page 3-D-18</i>) This report reflects a summary of the total eligible State-funded project costs. In addition, any adjustments made to the district's Form SAB 184 and Form SAB 184A, will also appear in this report.</p> <p>During this process, the district is required to review the report and respond to any inquiries made by the OLA.</p>

Continued on the next page

Closing Action/Release of Funds

The project's final closing action consists of one of the following:

IF. . .	THEN. . .
the final eligible State funded costs are within the eligible costs authorized by the SAB	the closing action will be executed administratively.
the final eligible costs are in excess of the eligible costs authorized by the SAB	the closing action will require SAB approval.

Once the final closing action has been completed by the OLA, no additional expenditures will be recognized.

Release of Funds/Refund

Any funds due to the district as a result of the closing action will be disbursed.

If the closing action determines that a refund is due to the State, a request will be made to the district for the refund.

Field Audit

Project records are subject to a field audit up to four years after the project's final closing action. ☺